A QUALITY EDUCATION FOR EVERY CHILD — New Wisconsin Promise

ESEA Information Update

Wisconsin Department of Public Instruction/Elizabeth Burmaster, State Superintendent, P.O. Box 7841/Madison, WI 53707-7841

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Topic: Flexible Use of ESEA Program Funds Across Titles (Transferability)

The recently reauthorized federal Elementary and Secondary Education Act (ESEA), also known as the No Child Left Behind (NCLB) Act of 2001, includes under Title VI expanded flexibility to use available funding across identified programs. This bulletin addresses the provision of transferability, available to all local education agencies (LEAs), and the Rural Education Initiative, available to rural school districts.

Transferability Authority

Transferability is a new provision that allows local education agencies (except an LEA identified for improvement) to transfer up to 50 percent of the formula allocations between programs. The applicable funding includes:

Title II, Part A — Teacher and Principal Training and Recruitment
Title II, Part D, Subpart 1 — Enhancing Education through Technology
Title IV, Part A, Subpart 1 — Safe and Drug-Free Schools and Communities
Title V, Part A — Innovative Programs

In addition, LEAs may transfer up to 50 percent of any program funds listed above into Title I, Part A. An LEA may not transfer funds allocated under Title I, Part A, into any other program. Transferred funds are subject to the requirements of the program from which they are transferred.

LEAs identified for improvement under Title I, section 1116(c), may transfer no more than 30 percent of funds allocated under the title mentioned above and may transfer only for school improvement activities. LEAs that are in corrective action status are prohibited from transferring funds under transferability authority.

The U. S. Department of Education's (USDE) final guidance on transferability can be accessed at http://www.ed/gov/policy/elec/guid/edpicks.jhtml?src=fp.

Rural Education Initiative

The Rural Education Initiative contains a provision called the "Alternative Use of Funds Authority." This provision allows eligible LEAs to combine certain federal funds to carry out activities under one or more federal programs. LEAs are eligible for this provision if they have an average daily attendance of less than 600 and locale code of 7 or 8.

Under this provision, eligible LEAs can transfer up to 100 percent of funds among the applicable funds identified under the transferability described above. In addition, LEAs may transfer up to 100 percent of the applicable programs into Title I, Part A; Title III; and Title IV, Part B (Community Learning Centers).

When an eligible LEA has participated in this program for three years, the state must determine that the LEA is making adequate yearly progress. Only LEAs that have made adequate yearly progress may continue to participate, unless they are using the provision to carry out Title I school improvement provisions under section 1116 of the No Child Left Behind Act.

Information on Wisconsin's the Title VI, Part B: Rural Education Initiative can be found at http://www.dpi.state.wi.us/dpi/dltcl/bbfcsp/rehmpage.html.

Questions regarding the Rural Education Initiative should be directed to:

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Transfer Process

Before transferring funds under Transferability Authority or the Rural Education Initiative, an LEA must:

- engage in timely and meaningful consultation with private school officials to provide for the equitable participation of private school students and staff (see bulletin on equitable participation by private schools at http://www.dpi.state.wi.us/dpi/esea/bul_0208.html) .
- determine which funds are to be transferred (subject to the applicable percentage limitations) and the programs to which the funds will be transferred.
- modify each affected LEA plan or application to account for the transfer.
- notify DPI of the transfer at least 30 days before the effective date of the transfer.
- keep the transferred funds in their original account(s) but maintain documentation that shows how the transferred funds in the original account(s) have been reclassified. In other words, in transferring funds, an LEA does not actually have to move funds from one account to another as long as it maintains adequate documentation to account for the transfer.

Districts wishing to revise their consolidated applications to take advantage of the flexibility provisions can do so right on the budget pages of the NCLB Consolidated Application.

Claiming Process

The LEA must maintain records demonstrating how a program's overall funds (including transferred funds) are spent. However, the LEA does not have to account separately for the expenditure of the funds that were transferred into a program. A simple spreadsheet may be sufficient to document transferred cost in most cases.

If an LEA wishes to keep transactions separate, the Wisconsin Uniform Financial Accounting Requirements has built-in flexibility to do so. A separate project code, location code, or possibly function code can be assigned to track each respective transfer. The main goal is to be able to document and account for transferred funds expended at the local level if the LEA chooses to utilize the flexibility provisions of the law.

All ESEA expenditure reimbursements must be claimed on the standard report form (PI-1086) used to account for all DPI-administered grant programs. Because DPI must make "cash draws" from the USDE on the basis of how funds were allocated to the State of Wisconsin, LEAs must report back to DPI on the same basis as funds were generated by each program. The term "transferability" should be associated with the flexibility on the use of funds, not actual allocation transfer between programs.

Specific questions related to this bulletin should be directed to:

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